

*Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.*

1. Name and address of registrant Burson-Marsteller 1825 Eye Street, NW Suite 950 Washington, D.C. 20006		2. Registration No. 2469
3. Name of foreign principal Saudi Basic Industries Corporation (SABIC)	4. Principal address of foreign principal P.O. Box 5101 Riyadh, Saudi Arabia	

5. Indicate whether your foreign principal is one of the following type:

☐ Foreign government

☐ Foreign political party

☒ Foreign or ☐ domestic organization: If either, check one of the following:

☐ Partnership

☐ Committee

☒ Corporation

☐ Voluntary group

☐ Association

☐ Other (specify) _____

☐ Individual—State his nationality _____

6. If the foreign principal is a foreign government, state:

a) Branch or agency represented by the registrant.

b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

a) Principal address

b) Name and title of official with whom the registrant deals.

c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

a) State the nature of the business or activity of this foreign principal

Manufacturer of petrochemicals, iron and steel

TERMINATED

DATE

4-23-82

Formerly OBD-67

b) Is this foreign principal

- Owned by a foreign government, foreign political party, or other foreign principal Yes ☒ No ☐
- Directed by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Controlled by a foreign government, foreign political party, or other foreign principal Yes ☒ No ☐
- Financed by a foreign government, foreign political party, or other foreign principal Yes ☒ No ☐
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal Yes ☐ No ☒
- Subsidized in part by a foreign government, foreign political party, or other foreign principal Yes ☒ No ☐

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

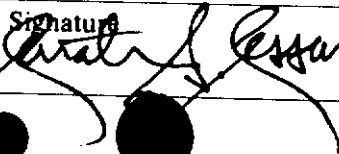
SABIC was established in 1976 by the government of the Kingdom of Saudi Arabia. Its managing director was appointed by the government and it was capitalized by the government.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Date of Exhibit A
9/12/84

Name and Title
Jonathan S. Jessar
Senior VP, Director of
Washington Operations

Signature



INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant
Burson-Marsteller

Name of Foreign Principal
Saudi Basic Industries Corporation
(SABIC)

Check Appropriate Boxes:

1. ☒ The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
2. ☐ There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
3. ☐ The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.

4. Describe fully the nature and method of performance of the above indicated agreement or understanding.

Burson-Marsteller will implement a worldwide public relations marketing program on behalf of SABIC to accurately establish SABIC as a recognized corporate entity. The Program will be directed to major media and trade journalists, businessmen, government officials involved in international trade and others in the petrochemical/chemical/plastics industry. In addition, Burson-Marsteller will train selected Saudis in public affairs and public relations techniques. Any contract renewal also would address support activities for SABIC marketing efforts and defined product publicity.

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DATE

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OFFICE OF THE ATTORNEY GENERAL
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5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Burson-Marsteller offices globally would develop an information program, pegged to a basic international news bureau operation, headquartered in New York. The agency would facilitate the information flow from SABIC to world media outlets, arrange press tours to Saudi Arabia and otherwise support editorial entry into the country and set up business and media interviews for any visiting SABIC dignitaries. Burson-Marsteller would counsel and provide publicity support for SABIC participation in trade shows and major industry speaker opportunities, as well as produce for SABIC a variety of promotional materials, films and videotapes.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes ☒ No ☐

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

A necessary aspect of the proposed program for SABIC is to assist in promoting confidence in and good will toward Saudi Arabia and its government. The promotion of such confidence and good will, as justified by the facts and disseminated to a variety of audiences, would presumably be reflected in attitudes of trade officials toward SABIC, as well as attitudes of other segments of the general public, including present and potential customers, partners, investors, and others related to the industry.

Date of Exhibit B
9/12/84

Name and Title
Jonathan S. Jessar
Senior VP, Director of
Washington Operations

Signature



¹Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or by other way influence any agency or official of the Government of the United States or any section of the Government within the United States with reference to formulating, adopting, or changing the foreign policy of the United States or with reference to the political or public interest of the United States, or relating to the government of a foreign country or a foreign political party.

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U.S. DEPARTMENT OF
JUSTICE

AGREEMENT

Worldwide Communication Program

"Core Program"

between

Saudi Basic Industries Corporation (SABIC)

and

Burson-Marsteller (B-M)

This Agreement is made on _____ 1404 H, corresponding to Tuesday, May 9, 1984, in the city of Riyadh, the Kingdom of Saudi Arabia "Kingdom" by and between:

1. Saudi Basic Industries Corporation, a Joint Stock Corporation, duly organized and existing under the laws of the Kingdom, having its principal office in the city of Riyadh, Kingdom of Saudi Arabia, with Commercial Register No. 10813, hereinafter called "CLIENT" or "SABIC".

and
2. BURSON-MARSTELLER, a corporation duly organized and existing under the laws of the State of New York, United States, of America having its principal place of business in _____, United States, hereinafter called "B-M".

Whereas, CLIENT requires to have a worldwide communications program in different places in the world in order to help CLIENT to establish corporate credentials and objectives in such countries as an International Communications Program hereunder defined as Attachment A (The "Core Program"), Attachment "B" (The Recommended Additional Services); Attachment C (The Proposed Advertising); Attachment "D" (The B-M Rates Schedule) and most of the documents in which all attachments are included and on which all are based,

Whereas, CLIENT in addition to the implementation of the international Communications Program shall have the option to require B-M to provide additional services during the term thereof for

such projects and activities as CLIENT shall request, costs of which shall be agreed upon in writing between CLIENT and B-M, in addition to training certain number of trainees, and Whereas, B-M is qualified to provide such International Communications Program has the facilities and techniques to implement such program, and is capable of providing training to CLIENT personnel,

NOW, THEREFORE, it is hereby agreed as follows:

1. Scope of Work

B-M will implement the International Communications Program, which contains Attachments A, B, C, and D, all in eight countries worldwide, such as: the United States, the United Kingdom, Spain, Italy, Germany, Japan, Hong Kong, Singapore, or any other countries required by CLIENT all up to six languages as client may request. B-M will implement a Training Program in B-M offices free of charge for up to twenty (20) trainees to be provided by CLIENT. In addition to the implementation of the International Communications Program, B-M will provide additional services during the term of this Agreement for such projects and activities as CLIENT shall request, or any other work requested by CLIENT. B-M and Client shall work together a detailed work program together with its time schedule and cost in writing to cover all the work stipulated in this Agreement.

2. Performance of Work

B-M undertakes to provide the services hereunder primarily through the use of its own employees, and hiring of outside individuals may take place only for special skills required to carry out the purposes of this Agreement. Such outside employees shall be hired only after written approval by CLIENT.

3. Costs and Compensation

In full compensation and settlement for services provided by B-M hereunder, CLIENT shall pay B-M only for time directly spent in carrying out such services as provided in the "Schedule of B-M Billing Rates Worldwide" which is attached to this Agreement as attachment "D". B-M guarantees that the rates referred to herein are, and shall in future remain, equivalent to rates of comparable services rendered by B-M to other clients. If the rates offered to CLIENT proved to be higher than the rates of other clients, CLIENT shall be entitled to be reimbursed the difference.

Concerning work done for Core Program Attachment "A" CLIENT shall also reimburse B-M for all out-of-pocket expenses incurred by B-M in providing services to CLIENT hereunder, provided however, that the cost of "Time" & "out-of-pocket" expenses for each activity shall not exceed the estimated budget as in Attachment "A" and that such "Time and

"out-of-pocket" expenses combined shall not, during the first Contract Year, exceed the sum of US Dollars One Million One Hundred Thirty Thousand (US\$1,130,000) less 10%, or One Million Seventeen Thousand (US\$1,017,000) for "Time" items and US Dollars Four Hundred Twenty Thousand Five Hundred (US\$420,500) for out-of-pocket (OOP) items. Compensation and out-of-pocket for work done under Attachment "B" shall be added to the amount described in this Attachment. In the event that CLIENT requests B-M to render various advertising services on its behalf, such as those detailed in the Proposed Program, Attachment "C", the charges shall reflect only the invoices relating to advertisement.)

4. Duration

The duration of this Agreement shall be twelve (12) months effective from the date of the signing of this Agreement by both parties, renewable for another similar period upon CLIENT's request upon two months notice. In the event of renewing this Agreement for another year, cost and compensation shall not exceed 10% of the above amount connected with the work of Core Program Attachment "A" provided SABIC's written consent is obtained.

5. Payments

On or about the first of each month B-M will send CLIENT an invoice for the rates set forth in the Scheduled Fees and

out-of-pocket expenses incurred, and also invoices for services rendered by various advertising services on CLIENT's behalf. B-M will furnish together with the monthly invoice all original supporting documents such as time sheet showing the work done for SABIC, receipts and other appropriate proof of the out-of-pocket expenses incurred or fees claimed. All invoices shall be due 30 days after the date of receipt by CLIENT unless CLIENT raises an objection to all or part of the cost of services in the invoice.

6. Management of the Work

B-M shall be responsible for the management of the Work under the direction of CLIENT, and CLIENT shall monitor the progress of the work. It is the intent of CLIENT and B-M that the Work shall meet CLIENT's objectives. Should CLIENT desire changes in the methodology or the personnel, B-M shall accommodate CLIENT's desires in a workable way.

7. Confidentiality

The Work and materials covered by this Agreement shall remain confidential between CLIENT and B-M and shall not be disclosed to any one other than personnel actually involved in performance of this Agreement except the following:

- a. Knowledge that comes into the public domain by means other than by disclosure by B-M.

- b. Facts which are disclosed to B-M by an unrelated third party.

8. Indemnification

CLIENT shall be responsible for the accuracy, completeness and propriety of information concerning its organization, products and the industry which it furnishes to B-M. It will be CLIENT's responsibility to review all advertising, promotional, publicity and other materials prepared by B-M under this Agreement. CLIENT shall indemnify and hold B-M harmless from and against any and all losses, damages, claims, demands and expenses that B-M may incur or be liable for as a result of any proceeding made against B-M based upon CLIENT's descriptions, depictions, defective products, or violation of patent trademark of any third party. B-M, or its agents and subcontractors, shall be responsible for any errors, fault, negligence, misinterpretation, or misconduct arising from or connected with the implementation of this Agreement. B-M shall indemnify and hold CLIENT harmless from and against any and all losses, damages, claims, demands, and expenses that CLIENT may incur or be liable for as a result of any proceeding made against CLIENT based upon errors, negligence, misinterpretation or misconduct of B-M or of agents or subcontractors.

9. Taxes

B-M shall be liable for all taxes applicable to the revenues it will receive from the Work hereunder.

CLIENT shall withhold the last installment until B-M shows that they are not liable for any Saudi Arabian tax payment.

10. Ownership

All publicity materials, ideas, know-how, submitted or developed by B-M for CLIENT and paid for hereunder shall be exclusively CLIENT's property.

11. Training

B-M shall train, free of charge, CLIENT's employees up to 20 persons to cover the scope of work stipulated in this Agreement. Of those up to 4 persons will be selected for special communications training, the same as that offered to CLIENT executives. Time spent by those people shall be for three months in up to four B-M's international offices according to CLIENT's needs, all as described in Attachment "B".

12. Working in B-M Offices

In addition to the training program, CLIENT may designate up to five (5) of its employees to work with B-M personnel in different central offices of B-M in order to proceed with the implementation of this Agreement. The period of

work for each person shall be not less than two (2) months circulated among 5 B-M international offices with a maximum of 2 client employees at any B-M office at one time.

13. Working in CLIENT Office

B-M has also agreed to designate, free of any charges or wages to CLIENT, a full time senior executive in CLIENT office to "feed" B-M offices with data provided by CLIENT and facilities and expedite CLIENT implementation of this Agreement.

14. Auditing

CLIENT shall have the access right to inspect B-M books of account, time sheets, out-of-pocket expense account or any related documents necessary for the computation of all amount and fees to be paid to B-M under Section 5 of the Agreement. Also CLIENT is entitled to receive annually a certificate from B-M external auditor at B-M cost certifying that all costs and expenses billed to CLIENT were in conformity with this Agreement.

15. Assignment or Subcontract

B-M shall not assign in whole or in part any rights or obligations hereunder to any third party without the written consent of CLIENT.

B-M has no right to subcontract this Agreement to any third party. However, B-M may subcontract parts of Work to a competent subcontractor after getting CLIENT's written consent.

16. Entire Agreement

This Agreement together with its Attachments constitutes the entire agreement with respect to the subject matters hereof, and may be modified or amended only in writing signed by CLIENT and B-M.

17. Jurisdiction and Settlement of Disputes

This Agreement shall be construed and interpreted in accordance with and governed by the laws of the Kingdom of Saudi Arabia. All disputes shall be settled by the "Commission for the Settlement of Commercial Companies Disputes" in the Kingdom.

18. Notice

Any notice or communications to be given pursuant to this Agreement by either party to the other shall be addressed as follows and shall be effective upon receipt:

If to Client:

Director of
Public Relations Department
Saudi Basic Industries Corporation
P.O. Box 5101, Riyadh 11422
Kingdom of Saudi Arabia
Telex: 201177 SABIC SJ

c.c. President
SABIC Marketing Ltd
P.O. Box 5101, Riyadh 1142
Kingdom of Saudi Arabia
Telex: 205620 SABMRK SJ

If to B-M:

Mr. Menneth D. Huszar
Vice President
Burson-Marsteller
866 Third Avenue
New York, New York 10022
U.S.A.
Telex: 422780 BMC UI

19. Language

This Agreement has been executed in four originals each in Arabic and English. In case of discrepancy, the Arabic version will prevail.

20. Titles

Titles are for reference only. In the event of a conflict between a title and the content of a section, the content of the section shall control.

B-M and CLIENT have indicated their acceptance and approval of the foregoing by signing in the spaces provided below.

SAUDI BASIC INDUSTRIES CORPORATION

BURSON-MARSTELLER

By: 

Ibrahim A. Salamah
Vice Chairman &
Managing Director

By: 

Victor J. Emmanuel Jr.
Senior Vice President

Date: 7/7/1984

Date: July 7, 1984

ATTACHMENTS A + B + C & D

ATTACHMENT "A"

Core Program Elements and Budgets

First Year

1. The Worldwide Management and Administration of the account is a daily responsibility constituting a widespread range of activities. The majority of these activities will emanate from New York, the SABIC account headquarters.

The following is a listing of key activities covered by the budget. It should be noted here, however, that this is but a partial listing because it is simply not possible at this time what might (or might not) evolve in the course of the campaign to warrant senior management attention and action.

Realizing the concern that SABIC management has expressed over the budget amount, we have attempted to assign cost values to each of the following activities. The cost "formula" was derived by taking hourly rates already prepared for SABIC and multiplying them by the number of hours needed to do the work.

* * * * *

- A. Upon signature of the contract, Messrs. Emmanuel and Huszar, working in concert with senior B-N managers worldwide, will establish global account teams, each to be headed by an Account Manager who ultimately reports to New York.

(Time = 93,537). *

- B. All account team managers will be thoroughly briefed on the details of the contract, the activities it covers, and the expectations of the client.
(Time = \$3,995). *
- C. A global administrative plan will be established covering such details as billing procedure, account activity reporting format, publicity results documentation and so forth. Details and decisions made in connection with the above three categories will be submitted in writing to the client within one month after contract signature. Actual work on the account will, of course, be in progress before this administrative report is filed.
(Time = \$3,995). *
- D. A formal stewardship report of global activities will be conducted monthly in the B-N New York office to make certain all aspects of account activity are on track and up to B-M standards of quality. Attending these meetings, depending on the nature of activities for the month under discussion, will be our Senior Vice Presidents of Creative, plus an "impartial" judge such as the corporate Vice-Chairman.
(Time = \$14,234). *

- E. Messrs. Emmanuel and Huszar will conduct quarterly stewardship reports in Riyadh (or a location designated by SABIC) with senior client representatives. Report will include an up-to-the-minute review of activities completed and in work; a review of strategies and objectives, with a view to determining any changes or increased areas of emphasis; a review of problems and opportunities; a review of budgets.
(Time = \$18,984). *
- F. In line with SABIC's strategy of speaking with "One Voice" worldwide, we will function as the day-to-day channel for all directions, developments or changes in policy or procedure -- from Riyadh to the appropriate B-M office or offices.
(Time = \$143,962). *
- G. In addition to the B-M account people already budgeted as part of Press Tours to the Kingdom, either Mr. Emmanuel or Huszar will accompany the first of such tours to provide direction, guidance and counsel to other B-M offices for subsequent tours.
(Time = \$7,910). *

Our counterparts, the General Managers of B-M offices around the world where SABIC activities are taking place, will also

play an administrative/management role in the account, albeit to a limited degree. Their function is to make certain their Account Managers keep the account viable and on target. Our function, then, in the briefest of terms, is to make certain the SABIC business is run as an integrated whole around the world -- in a manner reflecting Burson-Marsteller's reputation for excellence and what we expect are SABIC's demands for the same.

(Time = \$41,132). *

(Total Time = \$239,753). *

The out-of-pocket costs assigned to this category -- \$182,000 -- include all travel, personal and entertainment expenses within and outside the United States related to the above; all costs associated with preparation of stewardship report presentation materials; all telephone, Telex, messenger (domestic and overseas) and mailing costs accrued in connection with all US account activities.

For example, out-of-pocket costs for Messrs. Huszar and Emmanuel to travel to Riyadh four times each year, estimating four days land costs, could amount to \$25,600; and the costs of arranging stewardship report materials for these meetings as much as \$8,000. Telephone and Telex charges required to contact and communicate with our offices around the world as well as with the client in Riyadh could

amount to \$50,000 or more. At any rate, all out of pocket charges will be thoroughly documented and detailed breakdowns submitted to the client on a monthly basis.

* * * * *

To further facilitate and expedite the smooth and professional operation of the account worldwide, Burson-Marsteller has agreed to station a senior executive in Riyadh for the duration of the agreement period. This individual will operate out of the SABIC headquarters, and his salary and associated benefits will be covered entirely by Burson-Marsteller. SABIC has agreed to furnish him with living accommodations for the duration of his tenure.

We have agreed to do this for several reasons. We feel a man "on the ground" is essential to the information flow absolutely vital to the success of the account. He will also serve to provide on-scene advice and counsel to his SABIC counterparts; expedite the clearance of copy and other requests; and generally serve as our agency's representative away from home.

We also feel this is a substantial investment on our part to help insure our future with SABIC as a client and as a partner.

2. Assembling 1,500 basic press packages, including the "master" U.S. version, with translation into French, German, Italian, Spanish, and Japanese.
(Time = \$25,000; O-O-P = \$13,000). *

Saudi positioning brochure in languages listed above, not including production (10,000 quantity).

(Time = \$22,000 O-O-P = \$13,000). *

Production of press kit covers, stock, envelopes mailing labels. (10,000 quantity).

(Time = \$5,000; O-O-P = \$15,000). *

3. Review and evaluation of all visual materials available to SABIC for the purpose of establishing a basic Photo/Film/-Newsletter Library, including 10 to 15 days "on the ground" in Saudi Arabia, from which all photography for the world-wide effort will result.

(Time = \$61,000; O-O-P = \$40,000). *

Evaluation will determine the necessity of creating:

- Core slide presentation, six languages, with 60 slides for each version.

(Time = \$6,000; O-O-P = \$16,000). *

Attachment "A"

In addition, creation of four (4) TV clips and two (2) longer treatments for trade show/presentation use etc. (Time = \$14,000; O-O-P = \$22,000). *

4. Establishment of the Global Newsbureau, including the following elements:

- Management, administration of the U.S. bureau; includes preparation and distribution of all local and "global" stories, features, interviews; all editorial contact and follow-up work in the U S Does not include extraordinary travel or the TV news releases. (Time = \$315,000; O-O-P = \$45,000). *
- Quarterly newsletter for key audiences; all languages, through mechanicals. Does not include printing. (Time = \$42,000; O-O-P = \$22,500). *
- Management and administration of other newsbureaus in the UK, Germany, Italy, Spain, Japan, Hong Kong, Singapore and other countries as designated by the client. (Time = \$400,000; O-O-P = \$50,000).

Attachment "A"

Total time = \$1,130.000 TOTAL O.O.P \$420,500)

(Should the basic core program elements be continued a second and a third contract year, the respective budget shall not exceed that of the previous year by more than 10%)

ATTACHMENT "B"

Recommended Additional Services

First Year

1. Multi-language "Doing Business in Saudi Arabia" kit; production and packaging in leather passport holder. Does not include cost of holder. (5,000 quantity).
(Time = \$20,000).
2. Graphics standard manual, English language only. Client to handle production and distribution. (100 quantity).
(Time = \$22,500; O-O-P = \$15,000).
3. Direct mail campaign:
 - SABIC annual report, 4-color, (plus gold) English language only. Costs to be determined jointly on the basis of number of pages and copies.
 - Four-pamphlet series for customer base all languages.
(Time = \$27,000; O-O-P = \$15,000).
 - Reprint campaign to distribute publicity from speeches, newsclips, etc.
(Time = \$7,500; O-O-P = \$15,000).
4. Additional newsbureau services:
 - Creation and dissemination of video news releases.
 - Most is included under basic Photo/Film Library in

attachment "A". Costs include editing to international news format and distribution.

(Time = \$3,000; O-O-P = \$10,000).

- Three tours of selected editors to The Kingdom, Includes customizing of existing press materials, briefings, accompaniment throughout by senior B-M manager, extensive follow-up, etc. Costs based on five editors per tour, from New York, first class airfare; plus all associated O-O-P.

(Time = \$60,000; O-O-P = \$100,000).

5. Face-to-face meetings. (In all face-to-face meetings, client has the option to select one or any number of events at a directly prorated cost.) Included are the following elements:

- Prepare three "headline making" speeches in English; arrange 12 speaker platforms in appropriate countries. Includes all administration, publicity, etc. Does not include travel/land costs of guest speaker.

(Time = \$60,000; O-O-P = \$15,000).

- Prepare and implement 12 industry seminars or meetings in appropriate countries. Does not include any SABIC participants' cost.

(Time = \$90,000; O-O-P = \$50,000).

- Trade shows, including pre- and post- administration time for 6 shows worldwide; and O-O-P for travel, lodging, etc. Does not include estimates for design/ transportation of actual exhibit; costs could range from \$75,000 to five times that amount, depending on what it includes.
(Time = \$72,000; O-O-P = \$15,000).
- Industry conferences, including all administrative costs, custom press package, speech publicity and an event aimed at editors, most likely a first class press dinner. Estimate is for 6 conferences worldwide.
(Time = \$108,000; O-O-P = \$54,000).
- VIP trips to SABIC and Saudi Arabia, including assistance in selecting guests, "personal" back-groundings, official data kit, accompaniment by senior manager, follow-up. Estimate is for 6 VIP trips.
(Time = \$105,000; O-O-P = \$252,000).
- Special SABIC missions to target countries including extensive briefing of SABIC executives travelling; senior manager accompanying party for full time; all media/speaker engagements; political/business receptions as appropriate; publicity and follow-up. Estimate is for 6 missions. O-O-P estimated only

includes land costs of B-M representative, based on five days per mission.

(Time = \$157,000; O-O-P = \$10,000).

(Subtotal Time = \$743,500; O-O-P = \$588,500).

Training: The training section covers three areas of activity: training SABIC people to become "world-class" communicators; teaching SABIC spokespeople to get as much from interviews and speeches as possible, and training SABIC marketing executives to become local spokespeople for the company. These figures are calculated on 1984 estimated costs. If SABIC feels this activity can be put off until 1985 there would be an estimated 15% increase in these costs.

1. Training world-class communicators (20), including a formal university session, time at B-M offices around the world, and a 1-year correspondence course. O-O-P cannot be calculated without additional input from SABIC re: funding, cost-of-living, etc.
 - 6-week Boston University course, not including room/board/travel; includes b-M consulting on course curriculum, etc. (For 20 candidates)
(Costs = \$30,000).
 - Boston University course for from 4 to 10 candidates.
(Costs = \$22,500).
 - Boston University course for 3 or less candidates.
(Costs = \$13,000).

- 2-month language tutorial at Boston University.
(Costs = \$2000 per student).
 - Year-long correspondence course, included B-M input on design. (20)
(Costs = \$24,000; O-O-P = \$5,000).
 - Correspondence course (4-10)
(Costs = \$16,000; O-O-P = \$5,000).
 - Correspondence course (3 or less)
(Costs = \$12,000; O-O-P = \$5,000).
2. Five day. in-depth training for five senior SABIC spokes-people in New York. Includes extensive roleplaying, use of state-of-art AV/Broadcast training techniques, et al. O-O-P estimate of first class round trip, plus \$500 per diem per person for 7 days.
(Time = \$ 22,000; O-O-P = \$37,500).
3. Training market managers, including a three-day version of #2 and ongoing follow-up by B-M offices. Estimate is for groups of five, to be held at the most convenient location. O-O-P estimate based on above calculations, for five days.
(Time = \$13,500; O-O-P = \$32,500).
(Subtotal #2 Time = \$129,500; O-O-P = \$75,000).

Language Training

After careful review of the English language proficiency of the Saudi students who have participated in the Boston University programs to date, there are our plans:

For those with limited skills in English:

- o 12 months of intensive English, including, small group conversational programs, tutorials, cultural orientation and grammar.
- o A minimum of 25 hours per week.

For those with intermediate-to-advanced intermeideate skills in English:

- o 6 months of intensive English, including small group conversational programs, turorials, cultural orientation and grammar. Tutorials should address topics in public relations and communication.
- o A minimum of 25 hours per week.

For those with advances skills in English, and/or a Bachelor's Degree from an English-speaking university:

- o 2-to 4-weeks refresher courses including small group conversational programs, tutorials and a writing component. Topics should be on public relations and communication.
- o A minimum of 25 hours per week.

While Boston University offers special language courses of the kind listed above, we are currently reviewing other language-training institutions, as well. Accordingly, we are compiling details on costs, course duration and the capability of providing tutorials tailored to public relations and communication topics.

Boston University Special Training Course

Following the language course, the first portion of formal training in public relations would be conducted by Boston University for a period of six weeks. The following areas of study would be covered:

Media Relations:

- o Overview of news media, U.S.A. and international
- o Proactive media relations
- o News contact methods*
- o Function of public relations executive*

Publicity:

- o Publicity Campaign
- o Publicity Techniques*
- o Crisis Publicity: Handling Emergencies*
- o Measuring publicity techniques*

Special Events:

- o News Conferences, media visits*
- o Trade Shows*
- o Exhibitions*
- o Television news events*
- o Seminars, educational programs

Publications:

- o International publications*
- o Publications management*
- o Working with designers, writers and editors*
- o Print processes and type
- o Production of collateral materials
- o Audiovisual production and equipment*

* These topics will also be expanded upon in depth during the subsequent on-the-job training that will take place at selected B-M offices as described later in this letter.

Corporate Communication:

- o Employee communications
- o Financial writing
- o Working with legal departments
- o Community affairs*

While at Boston University, participants will meet on a regular basis with representatives from corporations, the media, public relations agencies and related departments. Field visits will be made to these offices.

Boston University advises us that this program envisages the following breakout of responsibilities:

- o The university will be responsible for providing all instructions and facilities. It will also provide the basic text.
- o Participants are responsible for their own housing and travel expenses. The School of Public Communication will assist in finding lodging by providing recommendations and similar information.
- o Participants will carry their own insurance.

Training costs will be negotiated later by Boston University, B-M & SABIC.

Optional Senior Executive Course

In addition to the six-week program, Boston University recommends an optional two-week course for senior public relations executives in Communication Management. This would involve working through a case studies methodology.

whereby executives would be exposed to modern techniques of communication management by top level professors and managers. Among the areas that would be covered are:

- o Policy formation
- o Organizational communication
- o Public opinion/marketing research
- o Institutional/organizational development
- o Governmental public relations
- o Departmental and agency administration
- o Communication strategy and planning

It is the recommendation of Boston University that the optional training program be added. The selection of the senior public relations executives who would attend this course will be your decision. If SABIC decided to choose this program, B-M shall work out budget details thereof.

On-the-Job Training/Correspondence Course

All graduates of the university course, up to 20, would then spend three months at selected B/M offices in key SABIC markets, specific locations/numbers depending on ability of our offices to accommodate them. This three-month indoctrination would be designed to make the transition from the classroom.

Trainees would be exposed to actual client situations and formal B-M training programs, much as any new employee recently graduated from university training in our business.

Upon completion, all but the four trainees judged "top of the class" would return to the Riyadh office or to another SABIC facility for a 12-month correspondence course. (The ultimate decision as to who these four will be vested on SABIC -- though I assume that you would want both Boston University and us to help in the evaluation process.) This would be a variation of the Harvard Business School case study approach where trainees would be exposed to a wide variety of practical situations and asked to provide detailed, written solutions. Responses would be judged by both B-M and Boston University officials, and "diplomas" awarded upon completion.

"Top Four"

The top four trainees would spend one year in one of our offices around the world. Each would be in a different office. Every three months, each would transfer to another office. At the end of a year's period, each will have spent three months in one of our offices in a key SABIC market. During this year, these people will be expected to contribute the

majority of their time directly to the SABIC account. The remainder of the time -- possibly up to 40 percent -- will be dedicated to "senior level" internal training programs. These will include speaker training, preparation of public relations programming, etc., as we discussed last month in Riyadh.

As the completion of this cycle, these four would presumably be assigned to key SABIC marketing offices as communications specialists.

Services

With regard to your question about services such as housing and transportation for the trainees, it is our understanding that SABIC intends to cover all out-of-pocket costs covering these and related services. If you require assistance locating professional agencies that handle apartment or hotel rentals, auto leasing or rental or other services of that nature, let us know. We will attempt to locate such agencies and forward a list for your evaluation.

FINAL THOUGHTS

In closing, let me share a couple of thoughts with you.

There is a fundamental difference between public relations training and that associated with pure technology or the application of general engineering principles. While a limited body of scientific knowledge exists, public relations training focuses not only on the transfer of this knowledge, but on the acquisition and honing of judgemental skills about a wide variety of business-related topics. In one sense, then, public relations training never ceases.

What we at Burson-Marsteller hope to accomplish through the foregoing curriculum -- with the help of the Boston University School of Communication -- is to train SABIC's public relations professionals in the fundamentals of our business, and how, in particular, to establish and implement an effective public relations program. Just how successful we will be will only be determined when your people are back on the job helping all of SABIC go through the stages from establishing its corporate image and supporting its marketing effort to the introduction and positioning of its planned downstream activities. Hopefully, we, too, will be partner in that process.

Attachment "B"

Special Event: World Symposium on Petrochemicals

We feel it would be possible to stage at least one special event during 1984, and have selected "The World Symposium on Petrochemicals" described on page 31 of the master program. The rationale is the global nature of the event and its inherent objective -- to promote the credentials of SABIC. The following estimates are to be used only as a guide. If approval is given to tightly structure the event, a binding estimate will be prepared in detail.

- Planning and structuring, including: negotiations with university cosponsor, development of academic and private sector guest list, creator of agendas, site selection and evaluation, general administration, et al.

(Time = \$90,000; O-O-P = \$35,000).

- Preparation of all appropriate press and background material, evaluation and coordination of speeches and papers, publicity generation, media follow-up.

(Time = \$60,000; O-O-P = \$20,000).

- Event activities, including preparation for and management of all on-scene programs, plus follow-up.

Attachment "B"

- Collateral development such as signs, banners, brochures, pamphlets, et al.
(Time = \$30,000; O-O-P = \$65,000).
- Travel and on-site lodging and entertainment coordination.
(Time = \$20,000; O-O-P = \$15,000).
- "All other" including O-O-P costs of 30 participants, materialized time costs, et al.
(Time = \$60 000; O-O-P = \$250,000).
(Subtotal Time = \$320,000; O-O-P = \$415,000).
(Grand Total Attachment "B":
Time = \$1,193,000; O-O-P = \$1,078,500).

Attachment "B"

GRAND TOTALS/TEAR ONE*:

Time = \$2,331,000; O-C-P = \$2,587,100

*Included, among other activities are:

\$1,051,100 budgeted for Year One advertising.

\$ 204,500 for training.

\$ 735,000 for the "World Symposium on Petrochemicals."

Attachment "B"

Year Two: Corporate Positioning/Marketing Support

As explained in the cover letter, these estimates represent a 15 percent increase over the budget for Year One.

It is entirely possible, however, that these totals might be lower if certain of the communications tools developed in Year One can be utilized fully in subsequent program years -- though our experience is that many have to be updated continuously. For this reason and to be prepared for unforeseen opportunities and/or potential problems, we have simply calculated costs as described above. We would recommend that actual costs, along with actual program activities, be worked out jointly in the final quarter of Year One.

TOTAL Time = \$1,308,700; G-C-P = \$514,625.

Attachment "3"

Year Three: Marketing Support (with elements of Corporate Positioning)

Once again, these estimates are based on a 15-percent cost increase over Year Two.

With the primary emphasis on Marketing Support, many of the modules developed for the Corporate Positioning phase will have to be redone to meet actual marketing needs. This is reflected in the accompanying numbers.

Here again, it is our recommendation that actual activities and costs be determined jointly in the final quarter of Year Two.

TOTAL Time = \$1,505,005; O-O-P = \$591,819.

ATTACHMENT "C"

RECOMMENDED ADVERTISING SERVICES

FIRST YEAR

Advertising

The objective of these ads, to run throughout 1984, would be to help firmly establish the credentials and goals of the company. We recommend they be given exposure in key target market areas, in the following media. If the advertising is continued into Years Two and Three, rate will increase on the order of 10% to 15%. Of course, all media will be re-evaluated at the end of 1984 with a review to determine what changes are appropriate, in terms of the publications. frequency, etc. Actual schedule, frequency and publications to be determined jointly with SABIC.

<u>Publication</u>	<u>Specification</u>	<u>Frequency</u>	<u>Cost</u>
BUSINESS WEEK (Worldwide)	full page, 4-color	6X	\$ 234,000
WALL STREET JOURNAL (US, Asia, Europe)	full page	9X	652,500
THE ECONOMIST (Worldwide)	full page, 4-color	6X	102,000
FAR EAST ECONOMIC REVIEW	full page, 4-color	6X	27,600
NIKKEI BUSINESS	full page, 4-color	9X	45,000
TOTAL Advertising:			\$1,061,100

* * * * *

Schedule of B-M Billing Rates Worldwide1. United States

a. Chairman	\$200 - \$250 per hour
b. V. Emmanuel, SVP	\$160
c. K. Huszar, VP/Client Service	\$110
d. Account Supervisor	90
e. Account Executive	65 - 80
f. Asst. Account Executive	40 - 55

2. London

a. General Manager	\$115
b. Group Manager	85
c. Sr. Account Executive	60
d. Account Executive	55
e. Asst. Account Executive	50

3. Germany

a. General Manager	\$115
b. Group Manager	85
c. Sr. Account Executive	75
d. Account Executive	65
e. Asst. Account Executive	55

4. Geneva

a. General Manager	\$115
b. Group Manager	90
c. Sr. Account Executive	80
d. Account Executive	70
e. Asst. Account Executive	60

5. Brussels

a. General Manager	\$ 90
b. Group Manager	70
c. Sr. Account Executive	50
d. Account Executive	45
e. Asst. Account Executive	40

6. Paris

a. General Manager	\$ 90
b. Group Manager	70
c. Sr. Account Executive	65
d. Account Executive	55
e. Asst. Account Executive	45

7. Milan

a. General Manager	\$ 95
b. Group Manager	75
c. Sr. Account Executive	70
d. Account Executive	55
e. Asst. Account Executive	45

8. Madrid

a. General Manager	\$ 85
b. Group Manager	65
c. Sr. Account Executive	50
d. Account Executive	45
e. Asst. Account Executive	35

9. The Hague

a. General Manager	\$ 85
b. Group Manager	60
c. Sr. Account Executive	50
d. Account Executive	45
e. Asst. Account Executive	35

10. Tokyo

a. General Manager	\$110
b. Group Manager	85
c. Sr. Account Executive	80
d. Account Executive	75

11. Hong Kong

a. General Manager	\$100
b. Deputy General Manager	85
c. Group Manager	80
d. Account Supervisor	75
e. Account Supervisor	65
f. Account Executive	50 - 60
g. Production Admin.	40 - 45

12. Singapore

a. General Manager	\$ 85
b. Group Manager	75
c. Account Supervisor	70
d. Account Executive	65
e. Administrator	40

13. Kuala Lumpur

a. General Manager	\$ 85
b. Group Manager	70
c. Account Supervisor	65
d. Sr. Account Executive	55
e. Account Executive	40

14. Australia

a. General Manager	\$100
b. Group Manager	75
c. Account Supervisor	65
d. Account Executive	60
e. Administrator	35